

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: GRAND MOUND COMMUNICATIONS COMPANY	DOCKET NOS. TCU-04-12 WRU-04-33-3129 (TCU-97-32)
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**ORDER GRANTING APPLICATION, APPROVING CONCURRENCE IN MAPS,
AND GRANTING WAIVER**

(Issued October 13, 2004)

On July 19, 2004, Grand Mound Communications Company (Grand Mound) filed with the Utilities Board (Board) an application for a certificate of public convenience and necessity pursuant to Iowa Code § 476.29 (2003), stating its intention to provide local exchange service in the DeWitt, Low Moor, and Charlotte, Iowa, exchanges, currently served by Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom) and all the exchanges currently served by Qwest Corporation (Qwest). The application has been identified as Docket No. TCU-04-12. Grand Mound has provided financial statements and the qualifications of its company officers and has stated it will support a 2-PIC dialing methodology for dialing parity.

On August 27, 2004, the Board issued an "Order Requesting Additional Information" wherein the Board requested Grand Mound address the Board's concerns that approval of Grand Mound's application could lead to a wasteful use of Iowa's telephone number resources.

On September 7, 2004, Grand Mound filed a supplement to its application stating that it plans to use a single block of 10,000 numbers (often referred to as an NXX code) to serve the DeWitt, Low Moor, and Charlotte exchanges and that it plans to use a non-LNP capable and non-pooling capable switch. Grand Mound states that it has not explored number pooling with Iowa Telecom in those exchanges. Finally, Grand Mound says it does not plan to provide service by overbuilding its facilities in any Qwest exchange; instead, it will rely on resale and unbundled network elements in those exchanges.

On September 17, 2004, Iowa Telecom filed an objection to Grand Mound's application stating that Grand Mound's numbering proposal has anti-competitive implications because Iowa Telecom would be unable to port numbers of former Grand Mound customers. In addition, Iowa Telecom asserts that Grand Mound does not present a sufficiently valid reason for assigning a single NXX code to multiple exchanges. Iowa Telecom states that it has donated 1,000-blocks of numbers in each of the three exchanges and that Grand Mound should not be excused from its federal number portability obligations.

On October 6, 2004, Grand Mound filed an amendment to its application and a response to Iowa Telecom's objection wherein Grand Mound withdrew its earlier statement that it plans to offer service in Iowa Telecom's exchanges via a non-LNP capable or non-pooling capable switch. Grand Mound states that it would not provide service in Iowa Telecom's exchanges until its switch is both LNP and number pooling

capable. Grand Mound also states that it will participate in thousands-block number pooling rather than obtain a new NXX code.

On October 8, 2004, Iowa Telecom withdrew its objection stating that it is satisfied with the assurances made by Grand Mound in its October 6 amendment.

Iowa Code § 476.29(2) provides that a local exchange carrier shall not be denied a certificate if the Board finds that the applicant "possesses the technical, financial, and managerial ability to provide the service it proposes to render and the board finds the service is consistent with the public interest."

The Board has reviewed Grand Mound's application and finds the necessary technical, financial, and managerial ability to provide local exchange service has been demonstrated. Grand Mound has stated that it will commit to utilize thousands-blocks of telephone numbers as opposed to a new NXX code, even in those areas where TBNP is voluntary, whenever it is technically feasible. Based on Grand Mound's voluntary assurances regarding the use of Iowa's telephone numbering resources, the Board will approve Grand Mound's application at this time.

Grand Mound also states that its service area will mirror the service territories of Iowa Telecom's service area maps of the DeWitt, Low Moor, and Charlotte exchanges, as well as the maps for all of Qwest's Iowa service territory, as they are currently filed and may be modified in the future. Iowa Code § 476.29(4) requires that each certificate define the service territory in which landline local telephone service will be provided and authorizes the Board to promulgate rules establishing

the requirements for filing maps showing the service territory. Subrule 199 IAC 22.20(3) requires that all utilities have maps on file with the Board that show exchange boundaries. The Board finds that Grand Mound has complied with the statutory and rule requirements by concurring in these exchange maps.

Grand Mound requests the Board waive the requirements of 199 IAC 16.5(2) and 22.3(1). The waiver request has been identified as Docket No. WRU-04-33-3129.

Grand Mound requests a waiver of 199 IAC 16.5(2), which requires the keeping of records according to the uniform system of accounts. Grand Mound states it will maintain its books in accordance with generally accepted accounting principles (GAAP). The Board finds this waiver should be granted, since records kept in accordance with GAAP accounting are acceptable for a competitive local exchange service provider.

Grand Mound also requested a waiver of 199 IAC 22.3(1), requiring it to independently publish a directory. The Board will grant this waiver based upon Grand Mound's statement that it will arrange for its customers to be included in the directories published in the areas it provides local exchange service.

Rule 199 IAC 1.3 states that the Board may grant waivers if it finds, based upon clear and convincing evidence, that the application of the rule would pose an undue hardship, the waiver would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and

substantially equal protection of public health, safety, and welfare will be afforded after the waiver. The Board has considered the waiver requests as described above and finds that the waiver meets the four criteria of the rule and the evidence in support of the waiver is clear and convincing.

Adherence to these rules would be an undue hardship on a competitive telecommunications company just beginning to do business in Iowa. It would be an undue hardship on Grand Mound because other competitive carriers have been granted similar waiver requests. The Board finds there are no substantial legal rights of any person that will be affected by these waivers and there is no statute that specifically mandates the actions waived. Additionally, the Board finds that there will be substantially equal protection for the public health, safety, and welfare provided since the actions waived will be completed under different circumstances.

IT IS THEREFORE ORDERED:

1. The application for a certificate of public convenience and necessity filed by Grand Mound Communications Company, on July 19, 2004, is granted.
2. The concurrence in the maps and boundaries of the Iowa Telecom exchanges of DeWitt, Low Moor, and Charlotte, Iowa, as well as the exchanges of Qwest Corporation, is approved.
3. The waiver of 199 IAC 16.5(2) and 22.3(1), identified as Docket No. WRU-04-33-3129, is granted as described in this order.

4. The Board will issue a certificate of public convenience and necessity allowing Grand Mound Communications, Co., to provide local exchange service upon approval of tariffs reflecting the prices, terms, and conditions of Grand Mound's local exchange service in Iowa.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 13th day of October, 2004.